



# Security Systems by Hammond, Inc.

131 Cannon Street  
Poughkeepsie, NY 12601

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September 13, 1996

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

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**RE: CC Docket No. 96-152**

Dear Mr. Caton:

I recently have learned that the Federal Communications Commission is considering rules to implement the alarm monitoring provisions of the Telecommunications Act of 1996. As a provider of alarm monitoring services, Security Systems by Hammond is vitally interested in CC Docket No. 96-152, which will implement Section 275 of the '96 Act. Security Systems by Hammond urges the Commission to interpret Section 275 in the manner intended by Congress and resist Bell Company attempts to reduce the section to a meaningless technical provision.

Security Systems by Hammond is completely dependent on the local telephone company, NYNEX, for connection of its alarm monitoring customers to its alarm monitoring center. There is no practical alternative at this time. As a result, Security Systems by Hammond is extremely vulnerable to potentially anti-competitive conduct by NYNEX.

Section 275 provides a 5 year prohibition on Bell Company entry into the alarm business in order to permit local competition to develop that will give alarm monitoring services companies, like Security Systems by Hammond, an alternative local network to use. Although local competitors have begun the process of entry into the largest markets, it likely will be years before any of them present a viable alternative to the incumbent Bell Companies.

Security Systems by Hammond understands that certain Bell Companies now contend that Section 275 is only a very narrow prohibition. Accordingly, these incumbent monopolists contend that Section 275 allows them immediately to resell alarm monitoring services, or engage in marketing, sales agency, billing and customer inquiry services associated with alarm monitoring services. Moreover, these Bell companies plan to be compensated for these activities through a percentage of the alarm monitoring revenues.

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This interpretation of Section 275 will give NYNEX all the same opportunities and incentives to discriminate and compete unfairly that it would have had if the 5 year ban did not exist. In other words, it will make the 5 year prohibition meaningless and could have an extremely detrimental impact on Security Systems by Hammond.

Security Systems by Hammond further understands that Ameritech has invented a reading of Section 275 that would subvert the ban on that company's acquisition of other alarm monitoring services for five years. In fact, Ameritech has announced its purchase of the alarm business of Circuit City Stores, and has solicited numerous other companies in an effort to buy them out. If allowed to prevail, this reading of Section 275 will render meaningless the 5 year prohibition on Ameritech's purchase of other alarm monitoring companies. Again, the protections provided to small alarm monitoring businesses by Section 275 will be eliminated.

Security Systems by Hammond also has learned of still another Bell Company effort to undermine Section 275. This time, U.S. West contends that it offered services prior to November 30, 1995 which qualify it to participate in the alarm monitoring business in the same way as Ameritech. As with the other Bell Company attempts to escape the provisions of Section 275, it is critical to Security Systems by Hammond. That this effort not succeed. Enforcement of the provisions of Section 275 for the 5 year probationary period is crucial if local competition is to develop sufficiently to provide alarm companies with alternative sources of local transmission.

Security Systems by Hammond believes that the '96 Act represents a congressional compromise between the interests of the alarm monitoring industry's fears of anti-competitive conduct by the Bell Companies and the telephone companies' desire to enter the alarm business. A 5 year prohibition to enable local competition to take root before Bell Company entry seems to balance the interests of the parties fairly. If the recent Bell Company efforts succeed in interpreting Section 275 as a narrow, trivial provision, however, the entire intent and effect of the interim protections will be lost.

Security Systems by Hammond urges the PCC to reject these Bell Company distortions of Section 275 and implement it in a manner consistent with Congress' intent.

Sincerely

Malcolm B. Hammond  
President

Security Systems by Hammond, Inc.